

CHELMSFORD COLLEGE
BOARD OF THE CORPORATION
11th DECEMBER 2015

Members Present:

Janice Maclean (Chair), Elaine Oddie (Vice Chair), Susan Hughes, Sarah Noble, Michael Lager, Graham Evans, Heather Clarke, Jonathan Swan, Barbara Vohmann, Andy Sparks (Principal), Luke Hain

In Attendance:

Caroline Williams (Deputy Principal), Debs Hurst (Assistant Principal, Finance and Risk), Marco Iciek (Director of Curriculum and Students), John Fowl (Clerk to the Corporation), Joanne Saward (Minuting Secretary), Robert Millea (Interim Clerk designate.)

1078. TO RECEIVE APOLOGIES FOR ABSENCE

Apologies were received from Marie Kemp, Angelika Baxter and Mike Tadman.

1079. TO RECEIVE DECLARATIONS OF INTEREST AND TO NOTIFY ANY CONFIDENTIAL ITEMS

There were no declarations made and no confidential items notified.

1080. TO APPROVE THE MINUTES OF THE MEETING HELD ON 2ND OCTOBER 2015

The minutes were **APPROVED**.

1081. MATTERS ARISING

The Board was informed that the Search and Governance Committee will consider the role of 'Lead Governors' and whether this arrangement is the best for this College.

Following the comments from Ofsted it was accepted that the Board needed to review the role of Governors and that this could be discussed at the Board Development Day on 5th February 2016.

It was noted that the use of agency staff was still low but had increased slightly over the level at the beginning of term.

1082. TO RECEIVE THE PRINCIPAL'S REPORT

The Principal confirmed that student recruitment was buoyant with numbers near to target.

Following the Government's recent spending review the Principal outlined the key aspects of it that will impact on the College. The base rate for 16-19 year olds has been safeguarded for a 4 year period and a voucher scheme is being introduced for apprenticeship funding.

The SFA has confirmed that the College financial health has changed to 'Satisfactory'.

Members were told that the dates for the Area Reviews of FE were now all published and Chelmsford College will be subject to the process in Phase 5 which will take place in November 2016. The whole series of reviews will be completed by March 2017 and intended that the outcomes should be implemented over the next 3-4 years after that.

Governors were aware of the Ofsted inspection outcomes for the College and that the inspectors had concentrated on the impact for learners and the speed of change. The inspection had used themed grades with Maths & English being part of that process. The College had been judged as 'Requires Improvement' which was roughly in line with the Self-Assessment Report produced by the College.

In considering the comments made about Governance it had become clear that the inspector's expectations of Governors had changed and this needed to be discussed at the Development Day on 5th February 2016.

ACTION: CLERK

A Post Inspection Action Plan is being produced and will be shared with the Board at the Development Day.

ACTION: CW

The HMI 'support & challenge' arrangements will be in place by Easter.

The College and Dovedale Nursery had been inspected during the same term, with the Nursery again been judged as 'Outstanding'. Governors wished to record their congratulations to the staff of Dovedale Nursery for their achievement.

It was **RESOLVED** that the Report be received.

1083. MANAGEMENT ACCOUNTS AT 31ST OCTOBER 2015

The report had been reviewed in detail by the PF&GP Committee. The small deficit shown at the end of October was result of timing issues but was less than the phased budget for this period.

The Board noted the main variances in the Income & Expenditure statement and were informed that it was still expected that a small surplus outturn will be recorded at the end of the financial year and Governors asked that future reports should contain more detail behind the figures in the accounts.

It was **RESOLVED** that the Management Accounts and accompanying Finance Report to 31st October 2015 be received.

1084. TO RECEIVE THE INTERNAL AUDITOR ANNUAL REPORT 2014-15

The annual report of the internal auditor (Scrutton Bland) was very positive about the controls in place at the College. The IAS opinion stated that the

College and Board has adequate & effective processes in place to achieve the objectives of the College.

It was noted that this assurance statement would need to be provided by the Audit Committee in future years.

ACTION: CLERK

It was **RESOLVED** that the IAS Annual Report for 2014-2015 be received.

1085. TO RECEIVE THE FINANCIAL STATEMENTS AUDITORS MANAGEMENT LETTER 2014-15

In considering the Management Letter the Board was informed that there was an historic cost deficit of £20,000 and that the College continues to operate on a 'Going Concern' basis. There is an expectation that approximately £175,000 of funding will be 'clawed-back' by the SFA and this may cause the College to make use of the loan facility it has with the bank.

The auditor had made three recommendations and these have been accepted and implemented by the management team.

The Board asked that the PF&GP committee monitors the impact of the introduction of the accounting standard FRS 102 in respect of how certain funds are to be treated in the accounts for 2015-16.

ACTION: DH

It was **RESOLVED** that the financial statements auditors letter 2014-15 be approved and noted.

1086. TO APPROVE THE CONSOLIDATED FINANCIAL ACCOUNTS AND REPORT 2014-15

The accounts had been discussed in detail at the PF&GP committee and that Committee had recommended the accounts for approval by the Board.

Members were informed that there was a deficit of £150,908 after depreciation costs at valuation and tax. After FSR17 (pension) costs are added back & the loss of incurred by Essex Shared Services (due to pensions costs) the management accounts were showing a surplus of £32,592.

Debs Hurst outlined the evidence to demonstrate that the College was operating as a 'Going Concern' and told the Board that the auditor intends to sign an unqualified opinion.

In this regard, the Board specifically **APPROVED** the disclosures regarding going concern made in the College Group Accounts and that the narrative included in the Statement of Corporate Governance and Internal Control is accurate and complete.

Chelmsford Training Services (CTS)

This is a wholly owned subsidiary of Chelmsford College. The Board was informed that the Directors of CTS have implemented a 3 year financial recovery plan and that the Bank holds a charge over the Beacon House property in respect of this company.

The statement of being a 'Going Concern' is made due to the College backing the company.

At the request of the external auditors, the Board **APPROVED** the signing of a comfort letter in connection with CTS whereby the College agrees to provide ongoing financial support to the Company.

Dovedale Nursery

The Nursery is also a subsidiary of the College and the accounts show that it made a surplus in 2014-15 of £120,000. Another nursery has opened locally and this may have an adverse impact on the accounts for 2015-16.

Essex Shared Services Ltd

This company has made a loss in its first year which is shared equally 50/50 with South Essex College.

The Board **APPROVED** an Addendum (to be signed by the Principal and the Chair) be added to the Joint Venture Agreement with South Essex College to agree and record the share of the pension fund deficit of ESS on incorporation arising from the employees TUPE'd from each College to ESS. The deficit applicable to Chelmsford College (£306,000) is included in the consolidated financial statements of the College for the year ended 31 July 2015.

Robert Millea informed the Board that he was the Company Secretary for Essex Shared Services Ltd and that the Company Directors of ESS had **APPROVED** the accounts via email resolution. He also stated that the ESS accounts were received by South Essex College at their Meeting on 7 December 2015.

The Board **APPROVED** the signing of a comfort letter in connection with ESS, wherein the College agrees to provide ongoing support to the shared services company. The Board was informed that a similar letter has also been provided to the external auditors by the Board of South Essex College. These two letters reflect the joint ownership situation in regard to ESS Limited.

The Board specifically **CONFIRMED** that, in their opinion, to the best of their knowledge and belief, and having made appropriate enquiries of senior management, the College Consolidated financial statements and the statements for the subsidiary companies present a true and fair view of the Group and its subsidiaries as at 31 July 2015 and the results for the year then ended.

It was **RESOLVED** that the Board approves the following annual report and accounts;

- (i) Consolidated Financial Statements for the year ending 31st July 2015 for the Chelmsford College Group.
- (ii) Financial Statements for the year ending 31st July 2015 for Chelmsford Training Services.

(iii) Financial Statements for the year ending 31st July 2015 for Dovedale Nursery.

The Board noted the annual report and accounts of Essex Shared Services Ltd as a 50% shareholder of the joint venture.

1087. TO RECEIVE THE FINANCIAL STATEMENTS AUDITOR LETTER OF REPRESENTATION 2014-15

Governors noted the content of the Letter and were told that under paragraph 15 the College had asked KPMG to amend the wording from 2015-16 to read 'We accept....' as it was considered that the Board would not have sufficient information to use the wording 'We Agree....' On the grounds that the Board has no influence over the appointment of the actuaries to the Essex Local Government pension Scheme or the assumptions underlying the valuations.

The Board considers it is not able to agree the findings and calculations of the actuary and the best it can do is accept those findings and valuations.

The Clerk Designate informed the Board that the same point has been raised by South Essex College but that KPMG did not want it altered this year but were prepared to consider a revised wording in connection with the 2016 audit. After discussion, the Board **AGREED** to sign the Letter of Representation and to revisit this issue next year.

It was accordingly **RESOLVED** that the Chair and Principal be authorised to sign the Letter of Representation.

1088. TO RECEIVE THE RISK REGISTER AND THE RISK DARTBOARD DECEMBER 2015

Governors were shown the Risk Register and the associated Dartboard which is reviewed at every meeting of the Audit Committee.

Maths & English has now been added to the Register as a high risk.

The Board members discussed the appropriateness of the new risks and the grading given.

It was **RESOLVED** that the Risk Register and Dartboard be received.

1089. THE RECEIVE THE ANNUAL REPORT OF THE AUDIT COMMITTEE 2014-15

Members received the annual report of the Audit Committee which set out the assurance necessary for them to sign off the annual accounts.

At the recent Audit Committee meeting the proposed IAS plan had been rejected and a revised plan is yet to be agreed.

ACTION: DH/JS

The Committee had expressed the view that the number of IAS days were insufficient to enable the Committee to give the Board the assurance necessary and the Board was asked to provide guidance to the Committee as to how it would like that assurance to be obtained.

It was accepted that assurance could be obtained from sources other than the IAS, either external or internal, depending on what was required and the robustness of that assurance. The Committee will in future be responsible for procuring assurance from whatever sources were considered appropriate in order that the Committee could provide to the Board this time next year an opinion on the sufficiency of the internal controls in the College so as to inform the Statement of Corporate Governance and Internal Control in the College Annual Report.

It was confirmed that an agreed IAS plan would be in place by January 2016.

As Chair of the Committee, Jonathan Swan stated that the Committee membership needed to be increased.

(Post Meeting note: Doug Zeeman, new governor, has agreed to join the Audit & Risk Committee)

It was **RESOLVED** that the Annual Report of the Audit Committee 2014-15 be approved

1090. TO APPROVE THE COLLEGE SAR 2014-15

Caroline Williams presented the College SAR which had been previously circulated to the Board. The final version had been shared with Ofsted as part of the recent inspection and is now available to the Governors via the Governors Portal.

It was **RESOLVED** that the SAR 2014-15 be approved.

1091. TO RECEIVE THE UNCONFIRMED MINUTES OF THE COMMITTEES

- a) To receive the unconfirmed minutes of the Quality & Learners Committee held on 10th November 2015

The minutes were noted and members were told that training was available to Governors to assist them when doing 'Learner Walks.

Sarah Noble stated that some of discussions regarding intervention and challenge in respect of Maths & English had not been recorded in the minutes. These unconfirmed minutes needed to be amended to include this.

(Post Meeting note: Sarah Noble does not propose specific amendments to the minutes but has asked that future minutes clearly document the scrutiny and challenge exercised by Members in the Minutes of the Committee's Meetings)

ACTION: CLERK

The Board requested an update and explanation in respect of 'controlled assessments' which are now taking place.

ACTION: CW

It was noted that the assessments indicated that a larger number of students were now seen to be performing in Maths & English at grade 'C' or above.

- b) To receive the unconfirmed minutes of the Audit Committee held on 16th November 2015
The Minutes were received.
- c) To receive the unconfirmed minutes of the PF&GP Committee held on 24th November 2015
The work of the committee was noted and Michael Lager outlined the main issues that had been discussed as part of the review of the annual accounts and the issue of the College going forward as a 'going concern'.

Attention was drawn to the issues in respect of staffing at the College and that if time permitted this should be given consideration at the Board Development Day in February 2016.

It was **RESOLVED** that the unconfirmed minutes of the sub-committees be received.

1092. TO RECEIVE THE RECOMMENDATIONS OF THE SEARCH COMMITTEE

The Board was informed that the Search Committee had interviewed two applicants for membership of the Board of Governors. The Chair provided a brief synopsis of each of the individuals and stated that the Committee recommended their appointment.

It was **RESOLVED** that the Board should;

- (i) Appoint Steve Houghton as a Governor for a four year term of office ending on 11 December 2019 and that he should serve on the Quality & Learners Committee.
- (ii) Appoint Doug Zeeman as a Governor for an initial one year term of office ending on 11 December 2016 and that he should serve on the Audit Committee.

There still remained one vacancy to fill and Sarah Hamilton had been asked to continue to look for an employer to fill this.

The Clerk Designate was instructed to provide induction sessions for both Steve and Doug before the Board Development Day on 5 February 2016.

ACTION: CLERK

1093. TO RECEIVE THE EQUALITY & DIVERSITY ANNUAL REPORT 2014-15

Marco Iciek presented the analysis to show the differences in student performance by gender, age and ethnicity.

It was noted that students in receipt of additional learning support had a higher success rate than those that do not get such support.

Members noted the data as presented and suggested that future reports should show the actions that had arisen from the analysis.

It was **RESOLVED** that the Equality & Diversity Annual Report 2014-15 be received.

1094. TO RECEIVE THE KEY PERFORMANCE INDICATORS REPORT

The KPIs report and the commentary associated with them was **RECEIVED**.

1095. ANY OTHER BUSINESS

- (i) The Board was reminded of their email support for the use of Chair's Action in order for her to sign the revised Bank Mandate. This had been done.

The Board **RATIFIED** the use of Chair's Action.

- (ii) The Chair told the Board that the Clerk (John Fowl) was retiring from the College. Governors thanked him for his support during his time as Clerk and wished him well for his retirement. Robert Millea was appointed as Interim Clerk for the period from 1 January 2016 until 31 July 2016. Robert is the Clerk to South Essex College. It is proposed to tender for a permanent new Clerk jointly with South Essex College in Spring 2016.
- (iii) Elaine Oddie reminded the Board that the Chair (Janice Maclean) was also stepping down from the Board and the Governors thanked her for her leadership during what had been difficult times for the College and wished her well for the future.

1096. DATE OF THE NEXT MEETING

The next meeting will be held on Friday 18th March 2016.

(At this point the meeting moved into the part 2 confidential agenda and staff and students withdrew).

Signed
(Chair)

Date